

**MINUTES OF SPECIAL MEETING
SERIES 2006 A SINGLE FAMILY MORTGAGE BONDS
January 23, 2006, 2:00 P.M.**

Notice having been given, the Montana Board of Housing held a special meeting on the issuance of its Single Family Program Bond Series 2006 A. The meeting took place on January 23, 2006 via teleconference to discuss the market, pricing of the bonds, and potential sale. Present were:

Board members: Bob Thomas, Susan Moyer, Judy Glendenning, Audrey Black Eagle, J P Crowley, and Betsy Scanlin

MBOH Staff: Bruce Brensdal, Chuck Nemec, Nancy Leifer, Mat Rude, Vicki Bauer, and Diana Hall.

Legal Counsel: Pat Melby

UBS Financial: Peter Nolden, Mina Choo, Lorraine Palacios, and John Feery

Bond Counsel: John Wagner and Ann Atkinson

Bob Thomas convened the meeting after a roll call was taken and a quorum was established.

Mat Rude said he sent copies of the Resolution and documents for the Fraser Tower conduit financing. John Wagner summarized the Resolution, which authorizes the issuance of revenue bonds and are payable only from the repayment of the loan to the developer. These are being privately placed with US Bank, which executes an investment letter stating it understands this and does not intend to resell the bonds publicly. There is a limited obligation of the Board under these bonds. The bond proceeds will be loaned pursuant to an indenture and loaned pursuant to the loan agreement. There will be a regulatory agreement that is required by the tax laws and also some Board requirements. It's a standard form of resolution for conduit financing. Mat said Montana Board of Housing (MBOH)'s main role is to monitor the project like regular tax credits because it will receive 4% tax credits on top of the bond deal. MBOH will do compliance monitoring and will receive a compliance fee from the project. Pat Melby said the Board approved the Fraser Tower conduit deal at the last meeting, but did not have the Resolution or the documents in front of them. Today they will approve the Resolution, the Loan Agreement, the Indenture, the Purchase Contract, and the Regulatory Agreement. This is the formal approval. J P Crowley moved to approve the Resolution as amended. Judy Glendenning seconded the motion. The Chairman asked for public comments. The motion passed unanimously by a roll call vote. Mat said the deal does use bond volume cap.

Peter Nolden asked John Feery from the UBS underwriting desk in New York to update the Board on the bond sale. He said they have been pre-marketing the transaction on behalf of MBOH utilizing the management team to leverage local demand and national demand. Montana residents are the number one priority and then secondly it was

offered it to national retail. Most of the orders are from Montana and they didn't pick up any nationally. Orders of almost \$6.3 million were received on the transaction, which is one of the best they've seen as a percentage of sales as well as a number of maturities that are in really good shape at this point in time. All the bonds from 2007 to 2010 and half of the bonds for 2011, 2012, 2013, 2014, 2015, and 2016 are already spoken for, so it indicates interest and tells that the pre-marketing level of the serial portion is at the right price. The term portion which includes the 2025 maturity, the 2031 maturity, the PAC bond at 2036 and the term bond at 2037 will mainly be sold institutionally and investors have been canvassed since last week. There are some new investors looking at the transaction, including Safeco Insurance Company and St. Paul Insurance. The market could be influenced by a couple factors, which are oil at \$68 per barrel and economic indicators. The Consumer Confidence number and the Richland Fed Index are coming out tomorrow and could provide direction. There are several Federal governors speaking at lunches and they are expected to raise rates by another 25 basis points next Tuesday. John Feery went through the expected prices scale for the transaction. The state of Ohio housing, which is rated AAA, was 5-10 basis points higher in yield.

Judy Glendenning said the current local rates are under 6%. Nancy Leifer said the demand was low at the end of last week. There have been 107 loans reserved or purchased for under \$12 million.

Peter Nolden said the ratings are AA1 from Moody's and AA+ from Standard and Poor's. He will call Bruce with the results of the sale tomorrow and there will be a conference call on Wednesday at 9 p.m. to confirm the details of the sale and award the bonds.

Mat Rude said the administrative procedures for the Qualified Allocation Plan (QAP) allows developers to come to the Board meeting before the allocation to do a presentation. Mat asked if the Board thought that was worthwhile to have them all come and do a 10-minute presentation. Susan suggested a summary of the project and types of materials used and a drawing of the completed project instead. Mat said the drawings and floor plans should be part of the application. He will give the Board preliminary information and a summary sheet. Usually the developers give a short presentation at the meeting where ranking is presented.

There being no further business, the meeting adjourned at 2:35 p.m.

Bob Thomas, Chairman

Date

Bruce Brensda

Date